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PROCUREMENT SECTION
CURRENT SERIAL RECORDS

YOUTH PROJECT LOANS

The Farmers Home Administration can make loans to individual rural residents who are not less than 10 years old, but under 21 years of age to establish and operate income-producing farm or nonfarm projects of modest size.

Each project must be part of an organized and supervised program of work. The project must be planned with the help of the organization supervisor and operated under his guidance, must give indication that it will produce sufficient income to repay the loan, and must provide the youth with practical business experience.

Who may borrow?

To secure an FmHA Youth Loan one must:

- Be a citizen of the United States
- Be 10 years old, but under 21 years old
- Live in the open country or in a town of less than 10,000 people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work, as outlined above.

Also one must have a good character, and be capable of planning, managing, and operating the project under guidance and assistance from a project advisor. The project advisor must recommend the project and the loan and agree to provide adequate supervision.



Each person who applies will receive equal consideration regardless of race, color, creed, sex, marital status, or national origin.

What are some possible projects?

Loans can finance nearly any kind of income-producing project, including:

- Crop production
- Livestock production
- Repair shops
- Woodworking shops
- Reupholstering and refinishing furniture
- Roadside stands and many others.

What may loans be used for?

Young people may use the money to:

1. Purchase livestock and farm equipment
2. Buy, rent, or repair needed tools and equipment
3. Pay operating expenses for running the project
4. Buy supplies.

What size project can one finance?

Only projects of modest size can be financed. A modest project is limited in physical size, capital requirements, and overall objective.

What is the interest rate?

The interest rate for youth loans is determined each July 1 for the following year, based on cost of money to the Government. However, when a loan is made the interest rate for that loan will not change, but if another loan is made later, the interest rate could be different.

What security is required?

To receive a loan one must sign a promissory note making him personally and fully responsible for the debt. Loans greater than \$2,500 must be cosigned. Sometimes the county supervisor may require a cosigner for loans \$2,500 or less.

In addition, loans will be secured by liens on products produced for sale and on chattel property, including livestock, equipment, and fixtures purchased with loan funds.

How about repayment?

The schedule for repaying the loan will be worked out with the FmHA county supervisor. Payments will be determined by the type of project for which the loan was made. If it is raising livestock or crops, for example, the loan can be paid when the produce is sold. If the project is a repair shop or some other service operation, the loan can be paid from the weekly or monthly earnings.

Where and how are applications made?

Completed plans and budgets should be signed by the organization supervisor and submitted by the applicant to the local county office of the Farmers Home Administration.

Application forms for youth loans are available from the FmHA county supervisor. The FmHA has more than 1,750 offices throughout the country. Usually the telephone directory will give the nearest office location under "U.S. Government."